Summary/Recommendations
CC Docket 01-92

1. The Commission should not adopt bill-and-keep for local or interexchange calling. If bill-and-keep were adopted:

   - Consumers would be harmed and would subsidize competitive services, at odds with the Act's provisions. Consumer local rates would increase by an estimated $85 in Oklahoma and $60 in Kansas to recover rural LEC network costs used by IXCs, CMRS providers and CLECs.

   - Rural LECs would be harmed. Rural LECs may be unable to recover the network costs used by IXCs, CMRS providers and others. Loss of revenues would lead to the inability to maintain existing and add new facilities and technologies resulting in network congestion, loss of service quality, inability to perform carrier of last resort responsibilities and inability to provide new services, including broadband.

   - Distorted competitive entry would occur due to false market cost signals.

2. The Commission must clarify its intercarrier compensation policies to insure that rural ILECs are not required to treat presubscribed interexchange traffic as local traffic. If such traffic is treated as local:

   - Consumers lose the competitive choice of a presubscribed carrier at odds with the Commission's rules.

   - Rural LECs lose access compensation from the IXCs and are forced to pay terminating compensation to the CMRS providers as well as any transport costs, even though the rural LEC is not the retail provider for the calls and has no revenue for the calls. To recover these losses, consumers would experience an increase in their local rates (currently estimated to be approximately $2.50 in Oklahoma) to recover the costs of inappropriately treating these interexchange calls as local for interconnection purposes.

   - IXCs lose toll revenue and are placed at a competitive disadvantage because the local calling area of the rural LEC is inappropriately expanded, only for CMRS calling.

   - CMRS providers would receive an anti-competitive advantage vis-a-vis the IXCs. CMRS providers are not harmed by appropriately classifying this traffic as IXC interexchange traffic. They receive terminating compensation from the IXC that has the retail consumer revenues.

3. The Commission must take jurisdiction over the virtual NXX issue and reject such arrangements. Allowing these virtual NXX arrangements:

- Authorizes uneconomic toll bypass. The local calling area of the rural LEC is inappropriately expanded because interstate and state toll calls are jurisdictionally misclassified as local. Consequently, IXCs lose toll revenue and are placed at a competitive disadvantage.

- Requires rural LECs to bear the costs (beyond their service area) of transporting calls to any location (specified by the inappropriately assigned NPA-NXX) designated by the CLEC or CMRS provider.

- Requires the rural LEC to pay terminating compensation for interexchange calls for which it is not the carrier and for which it has no revenues from the customer.

- Consumers lose the choice of a presubscribed IXC. When their local rates are increased to recover the rural LEC costs caused by the inappropriate Virtual NXX arrangement, customers will, at odds with the Act's provisions, subsidize competitive services.

- Allows CMRS providers and CLECs to misuse the LERG by inappropriately assigning numbers associated with one switch to another switch in order to make it appear as if the interexchange calls are local calls.